



**Implementation of the supply chain management policy of the
Emadlangeni Local Municipality**

(As per Section 6(1) (3) of the Municipal SCM Regulations)

SCM MONTHLY REPORT

December 2025

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1. Introduction

In terms of paragraph 6(3) of the Municipal Supply Chain Management Regulations, the council must maintain an oversight role over the implementation of the Municipal Supply Chain Management policy. The accounting officer must within 10 days of the end of each quarter, submit a report on the implementation of this policy to the mayor.

2. SCM Policy and procedures

2.1 Items for consideration in the policy review

All the items in the policy review should be considered.

2.2 Delegations

The delegations are in the SCM policy but there are no financial delegations.

2.3 Implementation of the procedure manual

SCM procedure manuals are in place.

3. Functioning of the SCM Unit

3.1 Declaration of interest by SCM personnel

- All SCM personnel have declared interest.

3.2 Adequacy of personnel within SCM

- The personnel is not adequate within the SCM Unit.

4. Functioning of bid committees

4.1 Bid committees constituted

- Bid committee are established as per SCM regulations.

4.2 Adequacy of Bid committees

- SCM bid committees are functioning.

4.3 Bid committees declarations

- Bid committees declare their interest before any bid committee meeting commences.

5. SECTION 114 DEVIATIONS

Section 114 of the MFMA permits the Accounting Officer to approve a tender "other than the one recommended through a normal procurement process". The Accounting Officer is required to report such a deviation to the Auditor –General, the Provincial Treasury, and the National Treasury within 10 working days (in terms of Regulation 29(7) of the Municipal SCM Regulations, 2005), stating the reasons that necessitated such a decision.

DATE OF AWARD	CONTRACT DESCRIPTION (TO INCLUDE BID/QUOTATION NUMBER)	AWARD VALUE	BEC RECOMMENDATION	BAC RECOMMENDATION	REASON FOR DEVIATION	NOTIFICATIONS		
						A/G	NT	PT
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

6. REGULATION 36 DEVIATION

Regulation 36 of the Municipal SCM Regulations of 2005 permits the Accounting Officer to "dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process". This would typically include urgent and emergency cases, single –source goods, and any other cases where it is impractical to follow normal SCM process. In the event of such a decision, the accounting officer is required to report this to the next Council meeting.

No.	DESCRIPTION (INCLUDING QUOTATION / BID NUMBER)	DATE OF AWARD	AWARDED TO	AWARD VALUE	REASON FOR DEVIATION	DATE REPORTED TO COUNCIL
1.	P003897 - Four (4) x 16 seater taxi to transport grade 4s from four local schools to the International Reading for	15/10/2025	Osizweni, Utrecht and Boundaries Taxi Association	R 22 000.00	The four (4) taxis were requested from the taxi association to transport people from the various Emadlangeni area and return trip. This is the only recognized taxi association under Amajuba district	

	Meaning Programme scheduled for the 17th of October 2025.				for the requested routes. It is impractical to follow SCM processes.	
2.	PO03938 - Assessment, Repair & Recalibration of Electrical Thumper Machine.	06/11/2025	Freefall Trading 1071 CC t/a Indlovu Enterprises	R 15 467.50	The Municipality has 1 Thumper Machine that is used to find and pinpoint the exact location of faults underground. It is important that the repairs be done urgently because it is essential for day to day use. It was impractical to follow SCM processes because the Thumper Machine was sent for assessment and the service provider had to strip and quote.	
3.	PO03948 - Nine (9) x 15 seater and Two (2) x 22 seater taxis to transport people from various Emadlangeni Areas to Arbour Park Recreational Center & Sport Fields in Newcastle and back schedule date 08 November 2025.	11/11/2025	Osizweni, Utrecht and Boundaries Taxi Association	R 76 000.00	Nine (9) x 15 seater and Two (2) x 22 seater taxis were requested from the taxi association to transport people to Majuba Games from the various Emadlangeni areas to Newcastle and return trip. This is the only recognized taxi association under Amajuba district for the requested routes. It is impractical to follow SCM processes by obtaining a minimum of three quotation as per SCM policy.	
4.	PO03886 - Repairs of 2 x Husqvarna Lawnmowers and 4 x brush cutters.	03/10/2025	Construction and Cutting Machines CC	R 59 260.00	The Municipality has 2 x Husqvarna Lawnmowers and 4 x brush cutters that is used for grass cutting purposes. It is important that the repairs be done urgently because it is essential as it is	

					<p>grass cutting season. It was impractical to follow SCM processes because the lawnmowers were sent for assessment and the service provider had to strip and quote.</p>	
<p>5.</p>	<p>PO03997 - Appoint a service provider for emergency repair of underground MV cable fault at MS04 Mini Substation opposite Rally Supermarket.</p>	<p>15/12/2025</p>	<p>Matsiya Construction Engineering (Pty) Ltd</p>	<p>R 27 792.50</p>	<p>On Sunday 14 December 2025, a critical fault occurred on the MV underground cable network supplying MS04, a Mini substation opposite Rally Supermarket.</p> <p>The fault resulted in a power outage affecting: Kerk, Bloem, De Kock, General, Naude, Hugo, Jooste, Zuid and Marlhebe Streets, Water Works Plant, Caravan Park and Balele Game Park.</p> <p>Upon preliminary investigation by the standby team, it was determined that the specializing service provider to be sought because the cable required specialized outdoor 11kV, XLPE 70-120 mm shrink jointing and termination kits and immediate repair to restore supply and ensure network stability.</p> <p>The incident occurred on a Sunday, and the Municipality does not have an existing stores warehouse, and we do not keep MV joint kits as stock items.</p>	

					<p>Furthermore, the specific MV jointing kits/termination kits required for this repair could not be immediately accessible because the suppliers are closed on Sunday.</p> <p>This matter needed to be attended urgently since the extended outage affects the basic rights of residents to electricity and prolonged darkness increases the risk of crime and vandalism to municipal infrastructure.</p>	
<p>6.</p>	<p>PO04011 - Appoint a service provider for emergency repair of underground MV cable fault at MS011 and MS09 mini station.</p>	<p>01/12/2025</p>	<p>Matsiya Construction Engineering (Pty) Ltd</p>	<p>R 35 900.00</p>	<p>On 29 November 2025, a power interruption occurred affecting residency and businesses which supplied from MS09 mini substations.</p> <p>Initial assessments suggested the need for 2 cable jointing repairs. However, upon excavation the scope of work was revised, it became technically evident that the underground fault cannot be repaired due to extremely high underground water level.</p> <p>To ensure the repair is successful and funds are not wasted, the scope of work had to be expanded, work had to be changed over to repair MV underground</p>	

					<p>cable from MS04 mini substation which is the alternate route to supply MS09 mini substation. The scope of the service provider had to include High Energy Surge Generation (thumping), MV cable jointing and cable termination jointing.</p> <p>This matter needed to be attended urgently since the outage affected 35% households/businesses which is a service delivery risk.</p>	
<p>7.</p>	<p>PO03984 - Procurement of 10 X 12.0m 200/220mm Transmission Pole and 10 x 9,0m 160/180mm Transmission Pole.</p>	<p>08/12/2025</p>	<p>Vuka Timbers (Pty) Ltd</p>	<p>R 62 924.67</p>	<p>On the night of the 2nd of December 2025, the Municipal electrical network experienced significant damage at Balele Game Park and White City due to bad weather on the severe deteriorated electrical wooden poles infrastructure. The emergency purchase of electrical treated wooden poles is required for critical restoration work on fallen medium and low voltage overhead lines. The restoration of power is our immediate priority to ensure public safety, mitigate further network damage and restore services to our customers. It is Impractical to follow SCM processes by obtaining a minimum of three quotations by advertising for at least seven (7) days</p>	

					on the municipal website and notice boards as per SCM policy.	
				TOTAL	R 293 344.67	

7. SECTION 32 APPOINTMENTS

Regulation 32 of the Municipal SCM Regulations of 2005 allows the Accounting Officer to procure goods or services for the municipality under a contract secured by another organ of state.

DATE OF AWARD	CONTRACT DISCRPTION	AWARD VALUE	CONTRACT AWARDED TO	NAME OF DEPARTMENT/ MUNICIPALITY	CONSENT OBTAINED FROM BOTH ORGAN OF STATE AND SERVICE PROVIDER	REASON FOR DEVIATION
n/a	n/a	n/a	n/a	n/a	YES NO	n/a

8. SECTION 33 APPOINTMENTS

Section 33 of the Municipal Finance Management Act (MFMA) requires municipalities to make long-term contracts (lasting over three financial years) public and to seek public and government input on them. This process involves the municipality publishing background information and a draft contract to allow for public comment, and obtaining comments from relevant government bodies like the National Treasury.

NO.	BID REFERENCE NUMBER	NAME OF CONTRACTOR	DESCRIPTION OF CONTRACT	VALUE OF CONTRACT	APPOINTMENT DATE	START DATE	END DATE

1.	MN10/2021-22	Umhlabha Geomatics Inc.	General Valuation and Preparation of the Valuation Roll for 1 July 2023 and Preparation and Updating of Valuation Rolls for Period 1 July 2023 to June 2028	<ul style="list-style-type: none"> Phase 1 (Year1) =R 700 000.00 Phase 2 (Year2-5) =R 770 000.00 Total Value =R 1 470 000.00 	<ul style="list-style-type: none"> Phase 1 (Year1) =01/09/2022 Phase 2 (Year2-5) =01/07/2023 	<ul style="list-style-type: none"> Phase 1 (Year1) =01/06/2023 Phase 2 (Year2-5) =30/06/2028
2.	MN01/2024-25	Firststrand Bank Limited	Banking Services for a Period of 5 Years	R 105.39/rate based	08/09/2022 <ul style="list-style-type: none"> Phase 1 (Year1) Compiling General Valuation Roll. Phase 2 (Year2-5) Maintenance of Valuation Roll 	01/05/2025 30/04/2030

9. REGULATION 17(1)(c)(d) APPOINTMENT

8.1 The Municipal SCM Regulation 17(1)(c)(d); provide that a Supply Chain Management Policy must stipulate the conditions for the procurement of goods or services through formal written price quotations, which must include conditions stating:

- that if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the Chief Financial Officer or an official designated by the Chief Financial Officer;
- that the Accounting Officer must record the names of the potential providers and their written quotations.

8.2 In compliance with the above-mentioned prescripts, request for quotations / invitation to quote for the required goods was advertised and received as per the table below:

No.	Description	Total number of days the RFQ was advertised	Number of price quotations or offers received	Awarded service provider	Amount
1.	Provision of Internet Connectivity of 150 Mbps Wireless Business Internet for a period of 12 Months	7 days	02	Access Technology Consultants (Pty) Ltd	R 158 700.00
2.	Provision of Microsoft 365 Business Standard Licenses Renewal for a period of 12 Months	7 days	01	SL and P Property Manager (Pty) Ltd	R 280 000.00

3.	Provide Catering Services for HIV/AIDS outreach for 200 people for the 5 th of December 2025	1 day	02	Samstar Signs & Printing (Pty) Ltd	R 29 600.00
4.	Service Provider to Provide the Services of Printing Newsletter: Design, Layout, Editing, Proof-Reading, Translation, Printing, Delivery and Distribution of the Emadlangeni Municipality Newsletter	10 days	01	Sibangwane Trading Projects (Pty) Ltd	R 110 000.00

10. Reports on unauthorized, irregular, fruitless and wasteful expenditure

Section 32(4) of the MFMA requires that the Accounting Officer "promptly" inform the Mayor, MEC for Local Government, and the Auditor-General of any unauthorized, irregular, and fruitless and wasteful expenditure that the municipality has incurred. Only Council can deal with these matters in the manner prescribed.

No.	TYPE OF EXPENDITURE INCURRED	RECIPIENT OF THE PAYMENT	EXPENDITURE AMOUNT	REPORTING		DETAILED EXPLANATION OF THE EXPENDITURE	DEPARTMENT RESPONSIBLE
				MEC: COGTA	A- G		
1.	Irregular expenditure	Utrecht Auto & General CC (UAG)	R 1 995.25	Yes		Repair Centre Bearing and Front Brake Pipe for Nissan NP300 CK83SGZN. Based on the Auditor-General's audit opinion regarding the appointment of MN02/2024-25: PANEL OF SERVICE PROVIDERS TO RENDER REPAIRS, MAINTENANCE & SERVICING OF MUNICIPAL FLEET AS AND WHEN NEEDED BASIS FOR A PERIOD OF 3 YEARS, the bid document and the advert invitation, only states that the bid shall be evaluated on a 1-stage evaluation system functionality criteria. The applicable preference point system was not stipulated in the tender documents and the advert which results to irregular expenditure.	Infrastructure & Planning

2.	Irregular expenditure	Utrecht Auto & General CC (UAG)	R 395.00	Yes	Tyre Repairs (Back Tyre) for Bell TLB CK83NKZN. Based on the Auditor-General's audit opinion regarding the appointment of MIN02/2024-25: PANEL OF SERVICE PROVIDERS TO RENDER REPAIRS, MAINTENANCE & SERVICING OF MUNICIPAL FLEET AS AND WHEN NEEDED BASIS FOR A PERIOD OF 3 YEARS, the bid document and the advert invitation, only states that the bid shall be evaluated on a 1-stage evaluation system functionality criteria. The applicable preference point system was not stipulated in the tender documents and the advert which results to irregular expenditure.	Infrastructure & Planning
3.	Irregular expenditure	Utrecht Auto & General CC (UAG)	R 10 200.50	Yes	Replacement of the Refuse Truck (Front and Rear) Brake Drums CK83MSZN. Based on the Auditor-General's audit opinion regarding the appointment of MIN02/2024-25: PANEL OF SERVICE PROVIDERS TO RENDER REPAIRS, MAINTENANCE & SERVICING OF MUNICIPAL FLEET AS AND WHEN NEEDED BASIS FOR A PERIOD OF 3 YEARS, the bid document and the advert invitation, only states that the bid shall be evaluated on a 1-stage evaluation system functionality criteria. The applicable preference point system was not stipulated in the tender documents and the advert which results to irregular expenditure.	Community Services
4.	Irregular expenditure	Afrilectrical Consulting Engineers (Pty) Ltd	R 1 359 974.42	Yes	Dorothea Electrification Project. Service provider was appointed as a turnkey project. The requirement for a turnkey is to follow a two stage bidding process. The two stage bidding process was not followed to appoint Afrilectrical Consulting Engineers (Pty) Ltd as per SCM policy.	Infrastructure & Planning

5.	Irregular expenditure	Afrilectrical Consulting Engineers (Pty) Ltd	R 498 762.29	Yes	Dorothea Electrification Project. Service provider was appointed as a turnkey project. The requirement for a turnkey is to follow a two stage bidding process. The two stage bidding process was not followed to appoint Afrilectrical Consulting Engineers (Pty) Ltd as per SCM policy.	Infrastructure & Planning
6.	Irregular expenditure	Microsoft Ireland Operations Limited	R 18 911.39	Yes	Billing Period 01/11/2025 - 30/11/2025. The SCM processes were not followed because the SCM unit did not receive a requisition for this request, and services were rendered without following the SCM processes. A minimum of three quotations was not obtained. The procedure for the procurement of goods or services through written quotations or formal written price quotations were not followed as per SCM policy.	Corporate Services
7.	Irregular expenditure		R 9 000.00	Yes	Procurement of Electrical Consumables. The SCM processes were not followed because the SCM unit did not receive a requisition for this request, and services were rendered without following the SCM processes. A minimum of three quotations was not obtained. The procedure for the procurement of goods or services through written quotations or formal written price quotations were not followed as per SCM policy.	Infrastructure & Planning
8.	Irregular expenditure	Utrecht Auto & General CC (UAG)	R 22 000.00	Yes	Repairs for the Refuse Truck as per Roadworthiness Test Report CK83MSZN. Based on the Auditor-General's audit opinion regarding the appointment of MN02/2024-25: PANEL OF SERVICE PROVIDERS TO RENDER REPAIRS, MAINTENANCE & SERVICING OF MUNICIPAL FLEET AS AND WHEN NEEDED BASIS FOR A PERIOD OF 3 YEARS, the bid document and the advert invitation, only states that the	Community Services

					bid shall be evaluated on a 1-stage evaluation system functionality criteria. The applicable preference point system was not stipulated in the tender documents and the advert which results to irregular expenditure.		
9.	Irregular expenditure			R 9 475.00	Yes	Additional Support - Remote Assistance (Assisting Thando with interest and steps to bill; Assisting Snethemba with Customer statement; Assisting with Bank Reconciliation for November & Assisting with posting the cashbook batches) - Consultant: Mbuso Ndwane & Samukelo Mahlaba - 09 - 12 December 2024. The preference points system was not used for the awarded bidders in the panel for the financial system.	BTO
10.	Irregular expenditure	CCG Systems		R 13 137.50	Yes	Additional Support - Remote Assistance (Assisting with Audited Actuals errors; Rectifying the accounts were flag by National Treasury were incorrect as per action plan & Attending meeting with Asset section, Linda and Bronwyn to rectify the issues in accounts they are using) - Consultant: Nosipho Machi, Phindile Barrett & Samukelo Mahlaba - 27-28 & 30-31 January 2025. The preference points system was not used for the awarded bidders in the panel for the financial system.	BTO
11.	Irregular expenditure	CCG Systems		R 39 045.00	Yes	Additional Support - Remote Assistance (Debtors recon Jan 2024 - May 2024 & Debtors recon July 2023 - December 2023) - Consultant: Simamisa Mdletshe & Zoliswa Mantshule - 03-05 & 08-12 July 2024. The	BTO
		CCG Systems					

						preference points system was not used for the awarded bidders in the panel for the financial system.	
12.	Irregular expenditure			R 42 887.50	Yes	Additional Support - Remote Assistance (Assisting with Property rates billing; Opening balances capturing on template; Down loading template for adjustment budget & Coping original budget) - Consultant: Bheki Cikwayo & Natasha Ramlal - 18-22 December 2023. The preference points system was not used for the awarded bidders in the panel for the financial system.	BTO
13.	Irregular expenditure			R 7 225.00	Yes	Additional Support - Remote Assistance (Assisting Snethemba with importing the bank statement; Incorporating control accounts to Debtors Reconciliation; Assisting with debtors Reconciliation for July 2024 & Assisting with customizing statement to NERSA standards) - Consultant: Mbuso Ndwane - 03, 05, 06 & 12 September 2024. The preference points system was not used for the awarded bidders in the panel for the financial system.	BTO
14.	Irregular expenditure			R 6 175.00	Yes	Additional Support - Remote Assistance (Assisting with TABB & A schedule alignment for cash flow and supporting schedules; Assisting with regional segments & Reset demarcation code) - Consultant: Natasha Ramlal - 02, 03 & 09 April 2024. The preference points system was not used	BTO

						for the awarded bidders in the panel for the financial system.	
15.	Fruitless & Wasteful expenditure	Eskom	R 847.14	Yes	Interest on overdue account - November 2025. (Account No. 7289864497). Invoice was not paid on time. The municipality could not make payment due to financial challenges.	BTO	
	TOTAL		R 2 040 030.99				

11. Spend Analysis

In order for the Council to have an oversight role the following information is supplied.

1. All bids awarded above R 100 000
2. Top 10 suppliers by value of contracts awarded
3. Top 10 suppliers by number of contracts awarded

11.1 Bids awarded – Above R 100 000

NO.	SERVICE PROVIDER	DESCRIPTION OF GOODS/SERVICE	CONTRACT AMOUNT
1.	SL and P Property Managers (Pty) Ltd	Provision of Microsoft 365 Business Standard Licenses Renewal for a period of 12 Months	R 280 000.00
2.	Nsitbandos Trading (Pty) Ltd	Electrification of 25 Households for Chanceni Phase 2 in Ward 5	R 2 470 655.40

11.2 Top 10 suppliers by value of payment (bids and quotations)

NO.	SERVICE PROVIDER	AMOUNT	DATE OF PAYMENT
1.	Afrilectrical Consulting Engineers (Pty) Ltd	R 1 858 736.71	04/12/2025 04/12/2025
2.	Fezile Security Services (Pty) Ltd	R 1 592 428.45	04/12/2025 12/12/2025 20/12/2025
3.	Incuber Trading Enterprise (Pty) Ltd	R 1 231 841.33	05/12/2025 20/12/2025
4.	Siyaroro Trading CC	R 1 011 805.94	05/12/2025 20/12/2025
5.	BKM Zone 28 Enterprise (Pty) Ltd	R 425 471.25	12/12/2025
6.	Ocean Dawn Trading & Projects CC	R 408 386.60	04/12/2025 12/12/2025
7.	Kunene Mokopo Risk Solution	R 358 971.90	29/12/2025
8.	SL and Property Managers (Pty) Ltd	R 280 000.00	04/12/2025
9.	Prosperous Positive Projects (Pty) Ltd	R 204 000.00	12/12/2025 12/12/2025 20/12/2025
10.	Osizweni, Utrecht & Boundaries Taxi Association	R 185 500.00	04/12/2025 11/12/2025 12/12/2025

11.3 Top 10 suppliers by number of orders made

NO.	SERVICE PROVIDER	AMOUNT	NUMBER OF ORDERS
1.	Afrilectrical Consulting Engineers (Pty) Ltd	R 1 858 736.71	2
2.	Construction and Cutting Machines CC	R 26 146.55	2
3.	Samstar Signs & Printing	R 58 604.00	2
4.	Tri Star Technology	R 27 978.91	2
5.	Utrecht Auto & General CC (UAG)	R 7 500.00	2

12. Performance management

The Section 116 (2) (d) report is submitted by the relevant user departments on the management and performance on the appointed contractors whose contracts are still in progress.

NO.	BID REFERENCE NUMBER	NAME OF CONTRACTOR	DESCRIPTION OF CONTRACT	VALUE OF CONTRACT	PAYMENT S TO DATE	DATE OF PAYMENT	APPOINTMENT DATE	SUPPLIER PERFORMANCE ASSESSMENT / REPORT COMPILED			SUPPLIER PERFORMANCE ASSESSMENT / PERFORMANCE RATING			
								Yes	No		Good	Fair	Poor	
1.	MN04/2021-22	Lateral Unison Insurance Brokers (Pty)Ltd	Short term insurance for a period of years	3 630 951.55 (3 years)	999 958.00 1 810.00	14/07/2022 09/11/2022	31/05/2022		No		Not submitted			
2.	MN10/2021-22	Umhlabha geometrics Inc.	General valuation and preparation of valuation roll – 01/07/2023 – 30/06/2028.	1 470 000.00	37 818.19 447 272.73 41 268.19 37 818.19 75 636.38 63 636.62 12 833.33	09/12/2022 19/12/2022 11/01/2023 28/02/2023 24/03/2023 18/04/2023 17/10/2023	08/09/2022	Yes			Fair			

8.	MN08/2023-24	Contour Technology (Pty) Ltd	Supply, Deliver & Installation of Multi-Utility Pre-paid Electricity Vending System for a period of 36 months	2.07% (VAT Inclusive) of Sales / Payments	16 228.58 15 338.94 15 689.58 15 248.46 15 307.52 16 317.11 15 786.07 13 719.01 15 899.34 15 612.60 15 857.23 16 476.44 19 535.81 19 463.54 17 532.71 19 079.53 16 723.60	06/09/2024 04/10/2024 04/10/2024 15/11/2024 14/12/2024 21/01/2025 03/03/2025 11/03/2025 24/04/2025 15/05/2025 20/06/2025 25/08/2025 12/09/2025 26/09/2025 21/11/2025 02/12/2025 29/12/2025	19/04/2024	Yes	Good
9.	RFQ05/2024-25	Invula iTechnologies (Pty) Ltd	Supply & Install 100 Mbps Wireless Business Internet for 12 months	149 040.00	12 420.00 12 420.00 12 420.00 12 420.00 12 420.00 12 420.00 12 420.00 12 420.00 12 420.00 12 420.00 12 420.00 12 420.00 12 420.00 12 420.00 12 420.00 12 420.00 12 420.00	30/10/2024 14/12/2024 18/03/2025 02/04/2025 02/04/2025 24/04/2025 15/05/2025 30/06/2025 18/07/2025 30/09/2025 11/11/2025	01/09/2024	Yes	Good
10.	MN21/2018-19	Ocean Dawn Trading and Projects CC	Security Services for Emadlangeni Local Municipality for a period of 24 months	6 534 185.46	136 128.87 136 128.87 136 128.87 136 128.87 136 128.87 136 128.87 272 257.73 136 128.87	26/03/2025 04/04/2025 19/05/2025 10/06/2025 18/06/2025 14/07/2025 14/07/2025 07/08/2025	01/02/2025	Yes	Good

16.	MN10/2024-25	Konica Minolta South Africa	for a period of 12 Months	693 098.28	21 736.86	31/12/2025	30/05/2025	No	Not submitted
			Leasing of Printers for a period of 36 months through RT3-2022 – Transversal Contract						

13. Risk Management

From the audits done by the Auditor-General and Internal Audit and the Provincial assessment the following issues were noted which requires monitoring before the municipality is exposed.

NO.	ISSUE RAISED	ISSUE RAISED BY	PROPOSED ACTION TO ADDRESS ISSUE	DUE DATE	CURRENT STATUS ON REPORT DATE
1.	<p>Auditor General</p> <p>Some goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by the Regulation 19(a) of the Municipal Supply Chain Regulations (SCM regulations). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was reported in the prior year. This non-compliance was identified in the procurement processes for various electrification projects.</p>	Auditor General	<p>Management will ensure strict adherence to the SCM Policy and Regulations by ensuring that:</p> <ul style="list-style-type: none"> - For all bids above R200 000, competitive bidding is implemented. - Cost / benefit analyses will be conducted prior to the appointment of Regulations 32 contracts. - All Regulation 32 appointments will be supported by written consent obtained from the other organ of state, however management has no intention to enter into any regulation 32 contract. 	Ongoing	The municipality has not entered into any Regulation 32 contract.

	<p>Some goods and services procured under contracts secured by other organs of state were not procured in accordance with SCM regulation 32, as there were no demonstrable benefits and discounts for participating in these contracts. Some goods or services procured under contracts secured by other organs of state and the provider did not consent to such procurement in writing. This non-compliance was identified in the procurement processes for various electrification projects.</p> <p>Some goods and services procured under the contracts secured by other organs of state were not procured in accordance with SCM regulations 32, as the prices paid were not the same as the original contract. This non-compliance was identified in the procurement process for various electrification projects.</p>			
INTERNAL AUDIT		Management responses:		

1.	<p>Some goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by Regulation 19(a) of the Municipal Supply Chain Regulations (SCM regulations). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was reported in the prior year. This non-compliance was identified in the procurement processes for various electrification projects.</p>	Internal Audit	<p>All procurement must go through the Supply Chain Management office.</p> <p>No procurement should be authorized where procurement processes were not followed.</p> <p>Seek advice from the SCM office on the necessary steps to be followed on procurement processes.</p>	Ongoing	Currently the municipality has not procured any goods and services of a transaction value above R200 000 without inviting competitive bids, as required by Regulation 19(a) of the Municipal Supply Chain Regulations (SCM regulations).
2.	<p>1. Some goods and services procured under contracts secured by other organs of state were not procured in accordance with SCM regulation 32, as there were no demonstrable benefits and discounts for participating in these contracts.</p> <p>2. Some goods or services procured under contracts secured by other organs of state and the provider did not consent to such procurement in writing. This non-compliance was identified in the procurement processes for various electrification projects.</p> <p>3. Some goods and services procured under the contracts secured by other organs of state were not procured in accordance with SCM regulations 32, as the prices paid were not the same as</p>	Internal Audit	<p>SCM regulation 32 should be avoided at all times because of its strict conditions.</p> <p>Proper planning must be done for all procurement, and requisitions must be submitted on time to allow all necessary steps for competitive bidding processes to be followed.</p> <p>Seek advice from the SCM office on the necessary steps to be followed on procurement processes.</p>	Ongoing	The municipality has not entered into any Regulation 32 contract.

	the original contract. This non-compliance was identified in the procurement process for various electrification projects.				
	<u>Risk Management</u>			<u>Action plan to improve the management of the risk:</u>	
1.	<p>Poor implementation of Supply Chain Management processes:</p> <ol style="list-style-type: none"> Increase in Irregular, Unauthorised, Fruitless and Wasteful expenditure. Exceeding threshold for variation orders. Compromised service delivery. <ul style="list-style-type: none"> -Delays in implementation of projects. -Municipal performance targets might not be achieved -Underspending on allocated budget and subsequent withdrawal of grant funding. 	Risk Management	<ol style="list-style-type: none"> To submit inputs for the SCM Clerks position during the review processes of the municipal organogram. To enforce the SCM policy and standard operating procedures, to review all transactions to ensure compliance. To prepare and monitor the Procurement Plan on a quarterly basis and communicate progress to User Departments and submit to the Provincial treasury. To develop a schedule plan for the for bid committee sittings. 	<ol style="list-style-type: none"> Inputs were submitted in regards of the SCM CLERKS position. SCM clerk position has been filled. There is an existing SOP which is reviewed annually. Procurement plan was consolidated and submitted to Provincial treasury. Procurements plans are monitored and submitted to PT next quarter will be sent to user departments. Schedule plan is part of the Procurement plan. Contact register is in place and updated. Variations are being authorised by the accounting officer and monitored not to exceed stipulated threshold. 	
2.	<p>Financial Management: Unauthorised, Irregular, Fruitless and Wasteful Expenditure:</p> <ol style="list-style-type: none"> Overspending on allocated budget. Financial Loss. <ul style="list-style-type: none"> Adverse Audit opinion. Non-Compliance with the provisions of the Municipal Finance Management Act. 	Risk Management	<ol style="list-style-type: none"> To develop the unauthorised, irregular or fruitless and wasteful expenditure strategy and procedures. Implementation of the unauthorised, irregular or fruitless and wasteful expenditure strategy and procedures. Strict Budget monitoring controls <ul style="list-style-type: none"> - UIFWE will be supported by memorandum approved from the Accounting Officer Strict implementation of the updated SCM policy <ul style="list-style-type: none"> - Procurement Plans 	<ol style="list-style-type: none"> SCM unit is continuously monitoring budget for all requisitions. SCM unit ensures that all processes are followed for all requisitions. SCM unit ensures that SCM policy is followed, and it is up to date and in line with the latest regulations and circulars. 	

			- Adherence to provincial and national treasury circulars 5. MDB and MPAC to investigate and Implement consequence management which may include recovery or disciplinary action.		4. Invoices are submitted on time for payments.
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PREPARED BY SCM Practitioner	S. I Mpanza	REVIEWED BY SCM Manager	T. N. S Madondo	APPROVED BY CFO	S. C Mkhize
SIGNATURE		SIGNATURE		SIGNATURE	
DATE	13/01/2026	DATE	13/01/2026	DATE	13/01/2026

